Security a formation

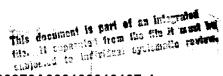
4 25X1A9a

9 Polarusty 195)

MEMORANDUM FOR: Mr. Cutler

SUBJECT

- : Statement of Chinese Feaburne Trade
- 1. In an earlier memorandum on the slowe subject, fortunded under date of a February 1953, it was estimated on the basis of our most recent coordinated studies that the townson moving into China by sea, except from the Soviet Far East, was approximately 3,000 tons per day.
- Imreday, Captain Layten of Admiral Radferi's intelligence staff presented certain figures respecting China Shipping which appeared to be in startling contrast with the foregoing. Since that meeting, pursuent to your request, representatives of the CIA have not with Captain Layten and members of the staff of the Office of Newal Intelligence (CRI). OHI was prospet into the discussion because of the primary role it played in furnishing the data on which the underliming coordinated estimates were prepared.
- 3. As a result of these discussions, we are prepared to make a tentative upwards adjustment of the figure on tomage moving into think by sea, except from the Soviet Far East, to hell tops per day.
 - h. The fellering factors have been considered:
 - a. A different tennage conversion formula was used in our coordinated studies from that used in Captain Layton's estimate. That incommistancy has now been eliminated. This reduced his estimate by 2,000 tens per day.
 - b. Another portion of the discrepancy is attributable to the fact that Captain Layton's figures were based upon arrivals in Chinese ports and may have included considerable devalucounting. There were deducted from his figures, by agreement, 1,000 tons per day to eliminate this possibility.
 - tens per day to the CIA figure.



Approved For Release 200 008/08 PGIA-RDP79B00970A000100010107-4

Security information

- 2 -

- d. The major upward adjustment in the CIA figure was made on the basis of photographic evidence from the CIMPAS continuous air search which had not previously term made available in Washington. This has been tentatively taken as 1,000 tens per day.
- On My far the greater part of the difference between the CIA figure and the figures presented by Captain Layton was due to the fact that he included appreciaately 9,500 tons per day of Orbit Asiatic constal traffic with her never been included in coordinated studies as to the volume of China trade. No opinion is expressed as to the validity of Captain Layton's estimate on this point.

25X1C8a

- on this subject, it is suggested that reference be made to the fact that needly discovered evidence, as well as the upward trend noted in our prior memorandum, may well require an adjustment of previous joint studies on the volume of such trade. Attention is also called to the fact that a planned and can be scheduled to converse during hereh. It my well be desirable to have this confirmed.
- 6. With respect to the application of the figures referred to above, your attention is called to Special Estimate 27, published 5 Ame 1952, estitled "Probable Effects of Various Possible Courses of Action with Respect to Communist Chins," the partispect conclusions of which are attented. We believe that immedpective of any likely changes that are made in tennego figures, these tenchusions are generally chill which. But in view of the time which has chapsed since the preparation of this Estimate, it is desirable to have the subject reconstined at this time, and this is being door.

in and

Leputy Mirector/Intelligence

O/DD/I:LEB:ave Distribution:

25X1X7

Cys.1&2 - Addressee (w/att)

3 - A/DCI(ER) w/att

4 - DD/I w/att

5 - DD/I - chrono w/att

6 - R.A.Jr. (no att)

7 - DD/I - chrono (no att)
7 - ER

TOP SECRET